In the

Supreme Court of the United States.

OCTOBER TERM, 1941.

No.

LEONARD L. EDWARDS,
Petitioner,
v.
BINGHAM PUMP COMPANY, INC., A CORPORATION,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE
NINTH CIRCUIT.

BRIEF FOR PETITIONER
IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

This Petition is brought to review a decision of the Circuit Court of Appeals for the Ninth Circuit in a patent infringement suit. The decision, written by Judge Haney, and reported in 118 F. (2d) 338 (R. p. 786), reversed the decision of the District Court holding the patent valid and infringed, on respondent's appeal from the final decree after accounting, despite respondent's failure to appeal from the interlocutory decree *after final hearing* and before accounting, as respondent could have done until Tit. 28 U.S.C. Secs. 227 and 227a, and despite respondent's failure to except to the Master's findings as to validity of the pat-

ent. The Court of Appeals held the patent invalid and dismissed the bill.

A sufficient statement of the case, we believe, appears in the Petition, under Summary and Short Statement of the Matter Involved.

JURISDICTION.

The date of the judgment to be reviewed is the date of the judgment of the Circuit Court of Appeals denying petitioner's petition for rehearing, May 13, 1941 (R. p. 794). The statute giving jurisdiction is Sec. 240a of the Judicial Code, Tit. 28 U.S.C. Sec. 347, as amended by the Act of Feb. 13, 1925. Jurisdiction of patent infringement suits is sustained in *Simmons* v. *Grier,* 258 U.S. 82.

SPECIFICATION OF ERRORS.

1. The Circuit Court of Appeals erred in considering the questions of validity and infringement of the patent on defendant's appeal from the final decree after accounting, these questions having been waived by respondent's failure to appeal from the interlocutory decree *after final hearing* and before accounting.

2. The Circuit Court of Appeals erred in not holding that it had no jurisdiction to consider the questions of validity and infringement of the patent, by reason of respondent's failure to appeal from the interlocutory decree granting the injunction and accounting *after final hearing.*

3. The Circuit Court of Appeals erred in holding that it was not precluded from considering the question of validity of the patent because of respondent's failure to except to the Master's findings as to validity.

4. The Circuit Court of Appeals erred in reversing and in not affirming the District Court as to validity and infringement of the patent.

SUMMARY OF ARGUMENT.

The argument is summarized in the Petition, in the Reasons Relied on for the Allowance of the Writ, page 9.

ARGUMENT.

A. THE EFFECT OF FAILURE TO APPEAL FROM THE INTERLOCUTORY DECREE (FINAL EXCEPT FOR ACCOUNTING).

As to this, the Court of Appeals, by Judge Haney (Opinion R. pp. 789–790) said:

> "With respect to the suggestion that the question as to the validity of the patent is not open because of a failure to appeal from the interlocutory decree as permitted by 28 USCA Sec. 227a, we think the same rule is applicable, to that section as is applicable to Sec. 227, and that therefore appellant was not required to appeal from the interlocutory decree. *Victor Talking Mach. Co.* v. *George,* 3 Cir., 105 F. (2d) 697, 699."

Point 1. The Court of Appeals has Construed Title 28 U.S.C. Secs. 227 and 227a in a Manner Contrary to the Express Intent of Congress, and as to Defeat the Purpose of Congress in Permitting Appeals from Interlocutory Decrees in Specified Instances, and from Decrees which are Final Except for Accounting.

Sec. 227. The intent and purpose of Congress in permitting appeals from interlocutory decrees granting injunctions in Title 28 U.S.C. Sec. 227 was *to prevent the great delay and expense to the parties of unnecessary accountings, if the Court of Appeals should find the plaintiff's bill without merit.*

Prior to the establishment of the Circuit Courts of Appeal in 1891, this Court had no jurisdiction to entertain an appeal from an interlocutory decree, even after final hear-

ing, as in a patent case, when an accounting of damages and profits was ordered.* Appeals could be taken only from final decrees,** *after accounting.*

The result was a great hardship to the defendant against whom an erroneous decree was rendered in the Circuit Court, in that he was put to the needless expenditure of a prolonged accounting, as well as being kept under injunction, before the Supreme Court could reverse the Circuit Court on appeal from the final decree after accounting.*** Congress endeavored to remedy this situation in the Act of March 3, 1891, c. 517, 26 Stat. 828, establishing the Circuit Courts of Appeals, in Sec. 7 thereof, which permitted an appeal from an interlocutory decree 'granting or continuing' an injunction, if taken within 30 days from the entry of the decree.

Thus the appeal, with complete review on the merits, was permitted before the accounting, instead of after. The accounting (necessary to a final decree) was eliminated as a prerequisite to the appeal and complete review on the merits—but otherwise the situation was unchanged. There still had been a complete trial and final hearing in the District Court; the decree entered was in fact final, except for accounting (although still "interlocutory", because the accounting remained). But, the appeal on the merits was merely advanced —to eliminate a useless accounting—if the Court of Appeals

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* *Barnard* v. *Gibson*, 7 How. 650 (1849).
Humiston v. *Stainthorp*, 2 Wall. 106 (1864).
Keystone Iron Company v. *Martin*, 132 U.S. 91 (1889).
McGourkey v. *Toledo & Ohio Railway Co.*, 146 U.S. 536 at 545 (1892).
Smith v. *Vulcan Iron Works*, 165 U.S. 518 at 524 (1896).

** The Judiciary Act of 1879, Act of Sept. 24, 1879, C. 20, Secs. 13, 22; 1 Stat. 81, 84.
Act of March, 1803, C. 40, 2 Stat. 244.
Rev. Stats. Secs. 691, 692, 699, 701.

*** An example of this situation is *Clark Thread Company* v. *Willimantic Linen Co.*, 140 U.S. 481, 482 (1890) where the interlocutory decree was entered in the Circuit Court in May, 1879, the accounting continued until June, 1886 when damages of $150,000 were awarded with attendant large legal expense. The Supreme Court on appeal from the final decree then reversed the Circuit Court and dismissed the bill, holding the patent invalid.

should not sustain validity or infringement of the patent. Two opportunities for appeal on the merits, before and after the accounting, were not intended to be provided—as the Court of Appeals herein has ruled.

The purpose of Section 7 was thus stated by Mr. Justice Gray in *Smith* v. *Vulcan Iron Works,* 165 U.S. 518 at page 525:

> *"The manifest intent of this provision, read in the light of the previous practice in the courts of the United States, contrasted with the practice in courts of equity of the highest authority elsewhere, appears to this Court to have been, not only to permit the defendant to obtain immediate relief from an injunction, the continuance of which throughout the progress of the cause might seriously affect his interests;* **but also to save both parties from the expense of further litigation, should the appellate court be of opinion that the plaintiff was not entitled to an injunction because his bill had no equity to support it."**

Appellant's brief in *Richmond* v. *Atwood,* printed in 52 F. 10 at pages 15–16 (C.C.A. 1, 1892), thus states the situation:

> "No compensation could ever be awarded to the defendant in the above case (*Clark Thread Co.* v. *Williamantic Linen Co.,* 140 U.S. 481) for being unjustly deprived by injunction of the use of a valuable construction for seven years, *nor could any of the large sums expended in useless fees during the accounting be recovered. This hardship has long been a matter of complaint among the members of the bar who practice in patent cases; and it was a cause of general satisfaction that congress, in section 7 of this act, had attempted, as was supposed by the bar, to remedy this hardship by allowing an appeal to be taken at once*

from the interlocutory decree granting the injunction.

. . .

We submit that there can be little doubt of the intention of congress. The evil complained of was the great delay of appeals during the accounting before the master . . . *Congress certainly intended to provide that the action of a circuit court in granting an injunction at final hearing may be reviewed by the appellate court before the long and expensive process of taking accounts before the master is completed, as is the established practice of the English court of chancery and many other equity courts.*"

See also Judge Aldrich's statement in the same case, 52 F. 10 at page 22.

The very purpose of Congress in permitting appeals from interlocutory decrees in the instances now specified in Tit. 28 U.S.C. Sec. 227 is defeated, however, if the construction placed upon the statute by the Circuit Court of Appeals herein is permitted. The present case is a grievous illustration of it. Here respondent could have appealed within 30 days from the interlocutory decree, *entered after final hearing,* granting the injunction and accounting, and secured a complete review on the merits in the Court of Appeals. But it failed to appeal. Petitioner, of course, could not appeal from the favorable decree. Respondent thus compelled petitioner to proceed with the accounting, at a cost of $3250 to petitioner—an expense which is wholly wasted and a great hardship to petitioner if respondent can now question the validity and infringement of the patent, on appeal from the final decree after accounting. By failing to appeal from the interlocutory decree, respondent should be held to have *waived* his right to be heard on the questions of validity and infringement, in accordance with settled principles of appellate procedure. Merely by *failing to appeal* from the interlocutory decree, a defendant compels the same unnecessary accounting as he did prior to 1891, when he *could not*

appeal, except from the final decree. Congress remedied that situation by providing the *opportunity* to appeal. It remains for the Courts now to give effect to the intent of Congress in the situation where the defendant, who fails to appeal, causes the same unnecessary accounting.

Sec. 227a. By various amendments to Section 227, either party could appeal from interlocutory decrees granting or denying an injunction, and fragmentary appeals could be prevented in all situations—except where the patent had expired pending suit, and hence no injunction could be granted. To remedy this situation, Title 28, U.S.C. Sec. 227a was enacted in 1927.

The intent of Congress in passing this legislation is clearly shown in *Senate Report 1319,* 69th Congress, 2d Sess. (accompanying Senate Bill 4957, which became Title 28, U.S.C. Sec. 227a), which states in part:

> "Under the present statutes where an equity suit for infringement of letters patent results in a decree for the plaintiff, if the patent at the time of entry of the decree is still alive, the court orders an injunction to issue to restrain further infringement, and refers the cause to a Master to ascertain plaintiff's damages and defendant's profits. Upon the entry of such a decree an appeal from the Order granting the injunction may be taken immediately and it is the general practice to suspend all proceedings under the accounting until the court of appeals has determined the questions of validity of the patent and infringement. If the court holds against the plaintiff on either of those questions, it reverses the decree of the lower court, and there is, of course, no accounting.
>
> If the patent expires before the entry of the decree is ordered, there can be under the present statutes, no appeal until after the accounting is completed and a final decree is entered. If then on appeal, the court

of appeals determines that the patent is invalid, or is not infringed, *the whole expense of the accounting is wasted.*

This bill . . . has been prepared for the purpose of permitting an appeal to be taken immediately in those cases where the patent has expired before the decree is entered in the trial court."

See also:

House Report 1890 (69th Congress, Second Session) reporting corresponding House Bill 11840.

Brick v. *A. I. Namm & Sons,* 21 F. (2d) 179 at 180 (D.C.E.D. New York, 1927).

The language of Section 227a is broad enough, however, to permit any defendant, as here, to appeal from the decree (final except for the accounting) even though the patent has not expired and an injunction is granted.

The defendant, who fails to appeal in such a situation and compels the plaintiff to proceed with the accounting, defeats the purpose of Sec. 227a as well as Sec. 227.

Point 2. The Decision of the Court of Appeals Is In Conflict with the Decision of This Court in Ensten v. Simon, Ascher & Co., 282 U.S. 445 (1930) in an Analogous Situation.

In this case, a patent infringement suit, the District Court had entered an interlocutory decree *after final hearing* holding certain claims valid and infringed and another claim invalid, and ordering an injunction and accounting. The defendant appealed from the interlocutory decree, but the plaintiff, who could have done so under Title 28, U.S.C. Sec. 227 failed to appeal. The Court of Appeals approved the decree so far as challenged. The plaintiff failed to disclaim the invalid claim until after the accounting, and the validity of the patent was then challenged for unreasonable neglect or delay to enter a disclaimer under the disclaimer statute

(Title 35, U.S.C. Secs. 65, 71). The plaintiff argued that Title 28, U.S.C. Sec. 227 gave it the right or option to await the final decree after accounting before appealing or disclaiming. This Court rejected the argument and said (by Mr. Justice McReynolds, pp. 457–8):

> "Certainly, in this case where an appeal was taken by the defendants, it would have entailed no unreasonable hardship upon the patent owner promptly to have submitted the legality of the rejected claim for determination by the appellate court. The route to that end was obvious, easy, inexpensive. He deliberately failed to defend his assertion of right by appealing. He has been guilty of unreasonable delay and has not brought himself within the beneficient provisions of the statute."

See to the same effect:

> *Ensten* v. *Rich-Sampliner Co.,* 13 Fed. (2d) 132, (D.C.N.D. Ohio E.D. 1926), reversed on another point 19 Fed. (2d) 66 (C.C.A. 6, 1927).

In other words, the plaintiff's alleged *option* of two opportunities to appeal on the merits was not permitted to conflict with the policy of the disclaimer statute. By failing to appeal from the interlocutory decree, the plaintiff lost the benefits of the disclaimer statutes. By the same token, the respondent here, by failing to appeal from the interlocutory decree, and putting petitioner to the expense of a needless accounting, has lost and waived the benefits of an appeal on the merits and the right to be heard on the questions of validity and infringement of the patent.

Point 3. The Decision of the Court of Appeals Is In Conflict with a Decision of the Circuit Court of Appeals for the Eighth Circuit, and Even with One of Its Own Previous Decisions Not Overruled.

(a) In the 8th Circuit.

In *Austin-Western Machinery Co.* v. *Disc Grader Co.*, 291 Fed. 301 (C.C.A. 8, 1923), the defendant failed to appeal from the interlocutory decree finding the patent valid and infringed and ordering an injunction and accounting. After the accounting the defendant appealed from the final decree and attempted to raise the point that there had been no proof of notice of infringement nor of marking "patented" on plaintiff's devices. The Court of Appeals held the defendant had waived this point by failing to appeal from the interlocutory decree entered pursuant to mandate (the District Court having been previously reversed on the merits). Judge Johnson said (p. 303):

> "*By this long-continued silence appellant waived the point;* besides, appellant is concluded by the decree of the court below entered upon the mandate of this court. . . . *That decree,* entered on the 21st day of February, 1919, *appellant has not appealed from.* Appellant has only appealed from the judgment on the accounting entered on the 29th day of March, 1922."

(b) The 9th Circuit.

In *O'Nate* v. *Bahr,* 67 F. (2d) 180 (C.C.A. 9, 1933) the defendant failed to appeal from the interlocutory decree finding the patent valid and infringed and ordering an accounting. On appeal from the final decree the Court of Appeals (Judges Wilbur, Sawtelle and Garrecht) refused to hear anything but questions arising from the accounting. Judge Wilbur said (p. 181):

> "The first question of importance which presents

itself upon the question of damages is the effect of the adjudication in the interlocutory decree that the defendant has infringed the patent. In this connection it should be stated that the statement of evidence in the record contains the evidence which was adduced at the time of the hearing prior to the issuance of the interlocutory decree. This evidence, we think, has no place in the record, in view of the fact that the interlocutory decree was not appealed from, and is conclusive upon the parties."

Here is a conflict even within the Circuit. *O'Nate* v. *Bahr* was not referred to in the decision of the Court of Appeals herein, nor expressly overruled. It was decided by a different set of Judges (Judges Haney and Stephens) with the exception of Judge Garrecht.

Point 4. The Decision of the Court of Appeals Construes Title 28, U.S.C. Secs. 227 and 227a in a Manner Conflicting with Fundamental and Settled Principles of Appellate Procedure.

(a) The Decision is in Conflict with the Settled Rule of Federal Appellate Practice that a Party Who Fails to Appeal from an Appealable Decree, or Who Fails to Raise Questions on a Previous Appeal Which He Could Have Raised, Waives His Right to be Heard Thereon and Cannot Raise the Same Questions in Any Subsequent Appeal.

This rule is based on the common law rule that every man is entitled to his day in court, but that does not mean two days in the Court of Appeals—the construction the Court of Appeals has given to Secs. 227 and 227a.

See:

Hill v. *Chicago & Evanston Railroad Co.*, 140 U.S. 52 at 53–55 (1890).

Sutton v. *Gulf Smokeless Coal Co.*, 77 Fed. (2d) 439 at 441 (C.C.A. 4, 1935).

United States v. *Van Blargen,* 60 F. (2d) 874 at 875 (C.C.A. 3, 1932).

Casals v. *Fernandez,* 40 Fed. (2d) 831 at 832 (C.C.A 1, 1930).

Sun Co. v. *Vinton Petroleum Co.,* 248 Fed. 623 at 625 (C.C.A. 5, 1918).

Guaranty Trust Company v. *International Pump Co.,* 242 Fed. 920 at 921 (C.C.A. 2, 1917).

Quinton v. *Neville,* 154 Fed. 432 at 434 (C.C.A. 8, 1907).

Burns v. *Cooper,* 153 Fed. 148 at 151 (C.C.A. 8, 1907).

Chase v. *Driver,* 92 Fed. 780 (C.C.A. 8, 1899).

Congress, in permitting appeals from interlocutory decrees in certain instances and decrees which are final except for accounting, *intended to avoid the expense of unnecessary accountings,* not to give a defendant an option of two appeals on the merits. The Appeal Statutes should not be construed contrary to this settled rule.

(b) The Decision is in Conflict with the Settled Rule of Federal Appellate Practice That Where Separate Appeals Are Permitted in Various Stages of a Litigation, Questions Decided on the First Appeal (or Which Could Have Been Decided) Will Not Be Re-Examined on the Second Appeal. The Second Appeal Brings Up Nothing but the Proceedings Subsequent to the Mandate on the First Appeal.

See for instance:

Illinois v. *Illinois Central Railroad Co.,* 184 U.S. 77 at 91–93 (1901) and cases cited therein.

United States v. *Camou,* 184 U.S. 572, 575 (1901).

In re Potts, 166 U.S. 263, 267 (1896).

Smith v. *Vulcan Iron Works,* 165 U.S. 518 at 525-526 (1896).

In re Sanford Fork & Tool Co., 160 U.S. 247 at 255 (1895).

Roberts v. *Cooper*, 20 How. 467 at 481 (1857).
United States v. *Bollman*, 81 F. (2d) 1009 at 1010 (C.C.A. 8, 1936).
Keeler v. *Fred T. Ley & Co.*, 65 F. (2d) 499 at 501 (C.C.A. 1, 1933).
Turner v. *Kirkwood*, 62 F. (2d) 256 (C.C.A. 10, 1932).
Bissell Carpet Sweeper Co. v. *Goshen Sweeper Co.*, 72 F. 545, 555 (C.C.A. 6, 1896).
Gregory v. *Pike*, 77 Fed. 241 (C.C.A. 1, 1896).
5 Corpus Juris Secundum, Sec. 1830 (p. 1286).

The Court of Appeals herein has construed Title 28, U.S.C. Secs. 227 and 227a contrary to this settled principle. Congress did not intend to abrogate this fundamental rule by permitting appeals from certain interlocutory and final decrees in Sections 227 and 227a.

(c) The Decision is in Conflict with the Settled Rule of Federal Appellate Practice that Fragmentary or Piecemeal Appeals in the Same Litigation Raising Different Points Successively in Different Appeals on the Same Record Will Not be Permitted.

This rule is fundamental. It was for this reason that originally appeals could be had only from final decrees. It was not the intention of Congress to weaken or to make exceptions to this rule in any way, in permitting appeals from an interlocutory decree under Sec. 227. The Court of Appeals herein should have construed the statute in a manner to prevent conflict with this fundamental principle.

In *McLish* v. *Roff*, 141 U.S. 661 (1891), for instance, this Court construed an appeal statute to avoid conflict with this fundamental rule. There Mr. Justice Lamar said (p. 665):

> "*From the very foundation of our judicial system the object and policy of the acts of Congress in relation to appeals and writs of error* (with the single

exception of a provision in the act of 1875 in relation to cases of removal, which was repealed by the act of 1887), *have been to save the expense and delays of repeated appeals in the same suit, and to have the whole case and every matter in controversy in it decided in a single appeal. Forgay* v. *Conrad,* 6 How. 201, 204. *The construction contended for would render the act under consideration inconsistent with this long established object and policy. More than this, it would defeat the very object for which that act was passed.*"

Additional cases are:

Heike v. *United States,* 217 U.S. 423, 429.
Forgay v. *Conrad,* 6 How. 201 at 206 (1848).
Arnold v. *United States,* 263 U.S. 427 (1923).
Collins v. *Miller,* 252 U.S. 364–370 (1919).
Rexford v. *Brunswick, Balke Company,* 228 U.S. 339 at 346 (1912).
Covington v. *Covington First National Bank,* 185 U.S. 270 at 277 (1901).
Southern Railway Company v. *Postal Telegraph Company,* 179 U.S. 641 at 644 (1900).
Cole v. *Rustgard,* 68 F. (2d) 316 (C.C.A. 9, 1933).
Wright v. *Taft-Peirce Mfg. Co.,* 287 Fed. 131 (C.C.A. 1, 1923).
Satterlee v. *Harris,* 60 F. (2d) 490 at 491 (C.C.A. 10, 1932).

The decision of the Circuit Court of Appeals herein, if permitted to become settled law, will promote fragmentary or piecemeal appeals rather than prevent them. This is particularly shown by those cases where the decree in the District Court is split, and in favor of both plaintiff and defendant, in both granting and refusing an injunction, as where certain claims of patent are held invalid, and others

valid and infringed. Under Tit. 28, U.S.C. Sec. 227 as it now reads, both parties *may* appeal from the interlocutory decree before accounting. But if the decision of the Court of Appeals herein becomes law, if only one party appeals from the interlocutory decree, he may have the merits considered by the Court of Appeals. The merits of appellee's case, not appealed, are not considered.* If plaintiff's claim is sustained, the accounting proceeds. Thereafter the other party may appeal from the final decree after accounting, and raise the same questions as to the merits he might have raised had he also appealed. The result is two appeals on the merits in the same case before it can be finally disposed of—the very fragmentary or piecemeal appeals the Courts ordinarily will not permit.

Cases permitting this are:

Stromberg Motor Devices Co. v. *Arnson,* 239 Fed. 891 (C.C.A. 2, 1917—suit for infringement of two patents).

Groblewski v. *John Chmiell Co.,* 264 Fed. 325 (C.C.A. 1, 1919—suit for infringement of four trademarks and unfair competition).

Kelsey Wheel Co. v. *Universal Rim Co.,* 296 Fed. 616 (C.C.A. 6, 1924—suit for infringement of two patents).

Draper Corp. v. *Stafford Co.,* 255 Fed. 554 (C.C.A. 1, 1918—suit for infringement of a patent—two claims held valid, three claims invalid).

These cases present a "much debated and troublesome question."** This evil is entirely avoided, if the party fail-

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* Examples are:
Jacobs v. *Iodent Chemical Company,* 41 F. (2d) 637 at 638 (C.C.A. 3, 1930.
Ward Baking Co. v. *Weber Bros.,* 230 Fed. 142 (C.C.A. 3, 1916).
Ensten v. *Simon, Ascher & Co.,* 282 U.S. 445, at 448 (1930).

** Denison C. J. in *Kelsey Wheel Co.* v. *Universal Rim Co.,* 296 Fed. 616 at 619 (C.C.A. 6, 1924).

ing to appeal from the interlocutory decree *after final hearing* under Secs. 227 and 227a be held to have *waived* his right to be heard on the merits of the matters decided by such interlocutory decree. *There should be but one appeal on the merits in the Court of Appeals—exactly as when appeals were permitted only from final decrees.* Congress did not intend to change that fundamental rule, in permitting appeals from interlocutory decrees before accounting.

The Rules of Civil Procedure (Rules 13 and 18) now permit and require each party to state as many claims or counterclaims as he may have against the opposing party—to enable the District Court to decide all controversies between the parties *at one trial, so far as feasible. By the same token, the merits of all controversies between the parties should also be heard in one hearing in the Court of Appeals as well, and not in fragmentary and piecemeal appeals.* The decision of the Court of Appeals herein, if it becomes law, will prevent this.

The number of such split decrees in the District Courts will necessarily increase under the enlarged scope of the new Rules of Civil Procedure. Fragmentary appeals therefrom may well be expected to overburden the dockets of the Circuit Courts of Appeal, now already overcrowded in several instances,* if the decision of the Court of Appeals herein is not reversed by this Court.

B. THE EFFECT OF FAILURE TO EXCEPT TO THE MASTER'S REPORT AS TO VALIDITY.

As to this, the Court said (R. p. 790):

> "Appellee contends that since appellant failed to except to the master's findings that the patent was not anticipated, or wanting in novelty and was valid, such findings are now conclusive. Appellant contends that

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* The Court of Appeals for the Sixth Circuit is already nearly two years behind in its hearing of cases after docketing.

> the findings are really conclusions of law and exceptions thereto are unnecessary. This court holds to the contrary. *Reinharts, Inc.* v. *Caterpillar Tractor Co.*, 9 Cir. 85 F. (2d) 628, 630, cert. den. 302 U.S. 694. However, pursuant to Federal Rules of Civil Procedure, Rule 52(b) 'the question of the sufficiency of the evidence to support the findings may thereafter be raised whether or not the party raising the question has made in the district court an objection to such findings'. We think such question may be raised here."

The Court of Appeals in so ruling is so clearly wrong and has so far departed from the accepted and usual course of judicial proceedings as to require the exercise of this Court's power of supervision, we respectfully submit.

It was, of course, settled beyond any dispute, prior to the Rules of Civil Procedure, that a party cannot raise questions in a Court of Appeals to which he has failed to except in the Master's report.

Equity Rule 66, *in effect September 4, 1935, the date of the Master's report,* expressly provided:

> "The master, as soon as his report is ready, shall return the same into the clerk's office and the day of the return shall be entered by the clerk in the Equity Docket. *The parties shall have twenty days from the time of the filing of the report to file exceptions thereto, and if no exceptions are within that period filed by either party, the report shall stand confirmed.*"

See, for instance:

Underwood Typewriter Co. v. *E. C. Stearns & Co.*, 227 F. 74 at 83 (C.C.A. 2, 1915).

Topliff v. *Topliff*, 145 U.S. 156 at 173 (1891).

Burns v. *Rosenstein*, 135 U.S. 449 at 455–6 (1889).

Tennessee Publishing Co. v. *Carpenter*, 100 F. (2d) 728, 732 (C.C.A. 6, 1938).

Savage v. *Monarch Royalty Co.*, 64 F. (2d) 650 at 651 (C.C.A. 10, 1933).

Cromwell v. *Skinner*, 62 F. (2d) 432 at 435 (C.C.A. 10, 1933).

Evans v. *Crown Gas & Oil Co.*, 245 F. 933 (C.C.A. 3, 1917).

The Court of Appeals did not question this previously required procedure in equity, but held that Rule 52b of the Rules of Civil Procedure had intervened to relieve respondent from the necessity of excepting the Master's report as to validity. *But the Rules of Civil Procedure did not become effective until September 16, 1938—three years after Respondent failed to file the exceptions required by the then existing Equity Rules!* The Rules of Civil Procedure have no retroactive effect. Under Rule 86 they were to

> "govern all proceedings in *actions brought after they take effect* and also all *further proceedings* in actions then pending."

Point 1. The Decision of the Court of Appeals in Giving the Rules of Civil Procedure a Retroactive Effect of Three Years Is In Conflict with Previous Decisions of That Court and of Other Circuit Courts of Appeals.

In *Hill* v. *Ohio Casualty Ins. Co.*, 104 F. (2d) 695, (C.C.A. 6, 1939), an action at law tried without a jury to recover upon an insurance policy, the plaintiff failed to request any special findings of fact or conclusions of law. The only question was whether the intervening Rules of Civil Procedure (Rule 52) relieved the plaintiff from the necessity of so doing. The Court said (p. 696):

> "The difficulty is that as applicable to this case the rule was not effective. The action was brought on January 23, 1937, or more than nineteen months before the effective date . . .

"Appellant's case was not pending in the District Court on September 16, 1938. It had long since been terminated there, being dismissed on May 31, 1937. The appeal was allowed and the bill of exceptions was filed on July 23, 1937, and the transcript was filed in this court on September 21 following."

In *Nielson* v. *Utah Construction Co.*, 104 F. (2d) 887 (C.C.A. 9, 1939), the same Judges made a ruling *contrary to their decision herein* as to the retroactive effect of the Rules of Civil Procedure, in a suit in equity to determine water rights. The Court of Appeals affirmed the District Court in dismissing an amended petition, which joined defendant's successor in title, for lack of joint liability, under Equity Rule 26—despite the fact that such joinder was then permissible under Rule 18 of the Rules of Civil Procedure, (p. 892).

As to the District Court's action in transferring the case from equity to the law side, although the Rules of Civil Procedure in the meantime had abolished the distinction between law and equity, the Court (by Judge Garrecht) said (p. 892):

"The order of the Court at the time it was entered (March 10, 1938) conformed to the rules then in force and should not now be abrogated."

The same Court, composed of the same judges, has thus ruled oppositely on the same point in two different cases!

In *Leach* v. *Ross Heater & Mfg. Co.*, 104 F. (2d) 88 (C.C.A. 2, 1939), a suit for patent infringement, the plaintiff moved to voluntarily dismiss prior to September 16, 1938, but the decision thereon was not rendered until later. Judge Paterson said (p. 90):

"We are of opinion that the motion to dismiss was governed by the practice in equity prevailing when the

motion was argued and submitted for decision. Rule 86 of the present rules provides:

* * * * * *

"The effective date for the new rules was September 16, 1938. As to actions pending when the rules took effect, only 'further proceedings' in an action are governed by the new rules. The motion to dismiss, a motion made, argued and submitted for decision in August, 1938, was a past proceeding on September 16, 1938, not a further proceeding. See *Weber* v. *Hartzell*, 8 Cir., 230 F. 965; *Lyon* v. *Pennsylvania R. Co.*, 119 Misc. 380, 196 N.Y.S. 562."

In *Schlaefer* v. *Schlaefer*, 112 F. (2d) 177 at 181–182, (C.A.D.C. 1940) a proceeding for sequestration of property, the Court held that jurisdiction acquired over the defendant by acts constituting a general appearance, made prior to September 16, 1938, was not defeated because such acts could not constitute a general appearance under the Rules of Civil Procedure—which had no retroactive effect.

To the same effect are:

City of El Paso v. *West*, 104 F. (2d) 96 at 97 (C.C.A. 5, 1939).

Taylor v. *Merrill*, 104 F. (2d) 710 at 712 (C.C.A. 9, 1939).

George Allison & Co. v. *I. C. C.*, 107 F. (2d) 180 at 181 (C.A.D.C. 1939).

Tighe v. *Maryland Casualty Co.*, 99 F. (2d) 727 at 728 (C.C.A. 9, 1938).

The Act* authorizing the promulgation of the Rules of Civil Procedure further expressly provided that they

"shall neither abridge, enlarge, nor modify the substantive rights of any litigant."

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* Act of June 19, 1934, c. 651, Sec. 1; 48 Stat. 1064; 28 U.S.C. Sec. 723b.

The petitioner here, by respondent's failure to except to the Master's report in Sept., 1935, acquired the substantive right that respondent could not further question the validity of the patent. This right has been abridged by the decision of the Court of Appeals herein, in violation of the statute authorizing the Rules of Civil Procedure.

CONCLUSION.

We respectfully submit the Petition for Writ of Certiorari should be granted, because:

1. The public interest in the avoidance of unnecessary accountings, and the great expense and waste caused thereby, and of fragmentary and piecemeal appeals, which already overburden the dockets of the Circuit Courts of Appeal, urgently requires a decision by this Court, construing Title 28, U.S.C. Secs. 227 and 227a, and determining the effect of a failure to appeal from an interlocutory decree granting an injunction *after final hearing,* and which is final except for accounting. This important question, although frequently arising and resulting in conflicting decisions, has never been, but should be, expressly decided by this Court.

2. The decision of the Court of Appeals herein as to respondent's failure to except to the Master's Report on validity of the patent, is contrary to and in conflict with the decisions of that Court and other Circuit Courts of Appeal, and so far a departure from the accepted and usual course of judicial proceedings, as to plainly require the exercise of the Court's powers of supervision.

3. If respect for the law and the courts is to be maintained, the conduct of judicial proceedings by adherence to the established rules of procedure, and the decision of cases according to applicable law, is essential. The present case, we submit, is a flagrant instance wherein a court has ignored the established rules of procedure, the set-

tled rules of statutory construction, including the intent of Congress, and the previous decisions of this and other Courts, to reach a desired—but, under the circumstances, an improper—result, because the question was not before the Court; and it clearly calls for the exercise of this Court's powers of supervision.

WHEREFORE, it is prayed that the Court grant the Petition for Writ of Certiorari to the Circuit Court of Appeals for the Ninth Circuit herein.

Respectfully submitted,

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August 6, 1941.